

CRYSTAL BALL

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The end of the year is a good time to have a think, from a marketing viewpoint, about our near and long term future. So what is a 'marketing viewpoint'? I am an old fashioned believer in empirical results, not anecdotal evidence. There is always of course the special case that breaks the rules, but the more we investigate these, the more often we find beneath the surface the same overall generators of marketing success. These can be explained simply in four words: *mental and physical availability*. The words are just about self-explanatory and can

be extended to all types of products and situations. The product, in this case Australian wine, must come to mind in the purchasing situation as a viable choice, and at the same time be available for purchase. This broad definition can encompass all marketing channels from supermarket shelves to online to on-premise. The key is the ability to be thought of (mental availability) in the purchase situation. Mental availability can be influenced by all types of marketing communications, depending on the individual brand strategy, from label recognition in-store to brand and region



recognition on-premise to Twitter and other forms of online reminders.

How does this relate to my view of the future of Australian wine? The mental and physical availability strategies used in Australia's great run up the league table of wine marketing in the late 1990s to about 2006 occurred mainly in the UK and the US, with some support from other mainly traditional markets (e.g., New Zealand, Canada and Scandinavia). Our strategy was wide physical availability mainly through supermarkets and large-scale wine shops and wide mental availability on shelf and mainly in the press appealing to the mass-market wine buyer with fresh, fruity, clean wines. There was/is nothing wrong with this strategy. It is used by many international consumer product companies every day to great success. But we all know its negative ramifications to do with price competition and retailer dominance, which given our climate and cost of production, is not going to be a profitable long-term strategy for many.

Now that we have created mental availability linked to inexpensive fruity wines, it will take some considerable time to change. We are working at that change, but the ongoing shelf presence and large-scale communication by our large brands in these markets adds a strong counterweight to our more recent efforts at communicating regionality and the accompanying high quality and higher prices. Beneath the concept of mental availability is what is known as a semantic memory structure. This is simply the learned associations between various attributes and cues that build what are known as nodes in our memory.

For example, for an average wine consumer in the UK, the words 'Australian wine' are likely to be linked to some of our largest brands and also to words like fruity, fun, etc. We have built these semantic memory networks over a long period of time, so changing them to operate new links such as 'high quality wine' or 'regional wine' or 'special occasion wine', etc. = 'Australian wine' will take a concerted effort (which we have begun) over a long period of time. The old mental associations are learned and in place, so they have to be overlaid with stronger and more recent ones. It is also easy to see how physical availability helps create and reinforce mental availability. Where wines are sold, how they are sold and communicated and the prices all contribute to learning memory associations. From a marketing point of view we have built strong associations to grape varieties. This means that it is easier for a competitor to overlay their country with a link to Chardonnay, Cabernet, and even Shiraz. So in the link, 'Chardonnay – tastes good – fun to drink at a party or dinner. – Australia[¶]', it is relatively easy to substitute Chile, or California, or South Africa for the last link and maintain the other links.

China, China, China, and India. I hear this over and over in articles and presentations. The future of

Australian wine is said to lie with these burgeoning economies. Certainly their middle and upper classes are growing, while our sales to traditional markets are flagging. Growing markets with growing wealth have been linked to wine consumption over hundreds of years, so it is not surprising that these two are often in the media. We should not forget to consider other growing economies such as Brazil, Mexico, Russia and Korea. We run the risk, however, of building the same semantic memory links in these markets as we have in the past, and thus prolonging the problems we have already.

If we fill shelves with lower priced varietal-labelled wines, we are building the old types of mental availability. Because these are likely to be the most numerous examples of Australian wine, the associations will be strengthened. The obvious, but painful conclusion is to reduce the amount of low priced wine we sell overseas. There is then a collision between the needs of large-scale Australian wine producers, whose operating systems are based on moving millions of cases of good quality, lower priced wines to as many markets as is financially feasible, with the needs of higher-priced regionally labelled wines (some of which would be produced by large companies). A different rationale would lead to a policy of encouraging bulk sales of lower-priced Australian wine for export and not requiring that the wine be labelled Australian. In fact it is better if these unbranded wines bottled overseas are not labelled as Australian at all.

Can I really advocate the dismantling of our major wine companies into relatively large regional producers? Yes I can from the purely rational analysis of *mental and physical availability*. More realistically, we must increase substantially the amount of wine with regional designations and make those designations more visible on the label and in all communications. We must realise that the path to building semantic mental networks, which link our regions and brands to higher-priced and higher quality associations will take a very long time. I think it will take at least as long as it took to get here from the late 1980s; thus, 30 years is not unreasonable. In that time many things will change here and across the world, but we shouldn't stop what we've started, we need to carry on knowing what we need to do to achieve our goals.

[¶]I use this notation with ' – ' to denote links. These are not necessarily linear. A better way of imagining it would be more like a network or a cloud of associations, where triggering any one of these might lead to triggering the others. So, someone asking, "what wine is good to take to a party?" might trigger Chardonnay, which might trigger Chile or Australia or California, for example.